



New Study Identifies Chinese Subsidies To Paper Sector Playing Field Needs To Be Levelled

MIAMISBURG, OH – Appleton Coated LLC, NewPage Corporation and Sappi Fine Paper North

America *2* commended the Economic Policy Institute for its study, *No Paper Tiger, Subsidies to China's Paper Industry From 2002-09*, authored by Professor Dr. Usha C.V. Haley.

The Economic Policy Institute's (EPI) report highlights the continuing efforts of the Chinese government to promote the development of its paper producers at almost any expense. The academic study identified roughly \$33 billion in subsidies provided to China's paper producers in a variety of forms that have stimulated enormous capacity increases and jeopardized production and jobs in the U.S.

This study backs up the facts that underlie the trade case that was filed by our companies and the United Steelworkers (USW) union last September. That case alleged that Chinese and Indonesian paper producers benefitted from subsidies and were dumping their products in the U.S. market. At each stage of the government's review of the cases, the concerns were validated and relief has been authorized.

Among the study's findings:

- "Since 2000, China has tripled its paper production..."
- "China's rapid rise in the global paper industry has been fueled by over \$33.1 billion in government subsidies from 2002 to 2009."
- "China has no natural competitive advantage in papermaking, and lacks the natural resources to fuel the industry... Despite global overcapacity, China's paper industry has added on average 26% of new capacity every year from 2004... (E)xports have led the development of China's paper industry with detrimental effects on the United States and global economies."
- "The U.S. trade deficit with China on paper has been increasing exponentially since 2002. Imports from China are rising faster than those from any other country for this industry. In February 2010, the annualized growth rate of Chinese paper and paper-product imports into the United States approximated 22%."
- "China has no inherent cost advantage in the capital-intensive paper industry. Indeed, labor makes up about 4% of the costs in this industry; in contrast, imported recycled paper and pulp comprise over 35% of the costs. Raw materials, which make up three-fourths of the costs of producing paper, as well as electricity, coal, and transportation, have nearly doubled in price over the last decade. Yet, Chinese paper sells at a substantial discount compared to U.S. or European paper."

"This study shows that Chinese subsidies are pervasive and have fueled the development of their industry. Their policies have damaged production here in the U.S., and cost jobs. Our case seeks to address only a portion of their subsidies that have affected the coated paper sector. But, something must be done to address China's overall subsidies so that other sectors, producers and workers do not become victims as well," said Sandra Van Ert, president and chief executive officer of Appleton Coated LLC.

"EPI's study strengthens our case and shows that China's actions are part of a larger strategy to grow their industry regardless of the cost to others. China is a non-market economy that simply doesn't play by the rules. All we're seeking is the restoration of a level playing field where we're allowed to compete and continue to invest in plant, equipment and people," stated Mike Marziale, senior vice president, marketing, strategy and general management of NewPage Corporation.

Mark Gardner, president and chief executive officer of Sappi Fine Paper North America said, "This

study clearly demonstrates the need for a competitive market in coated paper. Our trade case is meant to restore a level playing field. Until something is done about China's overall predatory policies, we and other industries will continue to have to pursue such trade cases."

The companies and the United Steelworkers filed unfair trade cases on September 23, 2009 with the U.S. Department of Commerce (DOC) and the U.S. International Trade Commission alleging that certain coated paper from China and Indonesia had been dumped and subsidized resulting in injury to the domestic industry and its employees. The paper products covered by the petitions include coated paper in sheet form used in high-quality writing, printing and other graphic applications, with a GE brightness rating of 80 or higher and weighing up to 340 grams per square meter.

The domestic industry has experienced capacity reductions and under-utilization resulting in the loss of jobs in communities all across the country. The petitions show that unfairly traded imports from China and Indonesia are a significant contributor to that underutilization of capacity, mill closures and resultant job loss.

The three companies employ about 6,000 production workers represented by the USW at 20 paper mills operating in seven states.

About Appleton Coated

Appleton Coated, headquartered in Kimberly, Wisconsin, provides focused market leadership in premium coated and specialty paper products. The Appleton Coated product portfolio includes a range of commercial printing and book publishing papers marketed under the Utopia brand as well as specialty and private label products. Known for their performance, aesthetics, and environmental attributes, Appleton Coated manufactures their products in a state-of-the-art facility in Combined Locks, Wisconsin, hosting the newest paper machine in North America. For more information please visit our website at <http://www.appletoncoated.com/>.

About NewPage Corporation

Headquartered in Miamisburg, Ohio, NewPage Corporation is the largest coated paper manufacturer in North America, based on production capacity, with \$3.1 billion in net sales for the year ended December 31, 2009. The company's product portfolio is the broadest in North America and includes coated freesheet, coated groundwood, supercalendered, newsprint and specialty papers. These papers are used for corporate collateral, commercial printing, magazines, catalogs, books, coupons, inserts, newspapers, packaging applications and direct mail advertising.

NewPage owns paper mills in Kentucky, Maine, Maryland, Michigan, Minnesota, Wisconsin and Nova Scotia, Canada. These mills have a total annual production capacity of approximately 4.4 million tons of paper, including approximately 3.2 million tons of coated paper, approximately 1.0 million tons of uncoated paper and approximately 200,000 tons of specialty paper. For more information, visit www.NewPageCorp.com.

About Sappi Fine Paper North America

Sappi Fine Paper North America (SFPNA) is a leading North American producer of coated fine paper used in premium magazines, catalogues, books and high-end print advertising. Headquartered in Boston, Massachusetts, Sappi Fine Paper North America is known for innovation and quality. Its brand names, including McCoy, Opus, Somerset and Flo, are some of the industry's most widely recognized and specified. SFPNA is a division of Sappi Limited (NYSE, JSE), a global company headquartered in Johannesburg, South Africa, with manufacturing operations on four continents in 10 countries, sales offices in 50 countries, and customers in over 100 countries around the world. Learn more about Sappi Fine Paper North America at: www.sappi.com/na/.

Media Contact

Ann Whalen, Appleton Coated LLC, 920-968-3809, awhalen@appletoncoated.com
Shawn Hall, NewPage Corporation, 937-242-9373, shawn.hall@newpagecorp.com
Amy Olson, Sappi Fine Paper North America, 617-423-5409, amy.olson@sappi.com